Transportation Authority of Marin

February 14, 2007

TO: Transportation Authority of Marin Executive Committee

FROM: Dianne Steinhauser, Executive Director

RE: State-Local Partnership Program, INFORMATION – Agenda Item 8

Executive Summary

The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, approved by the voters as Proposition 1B on November 7, 2006, includes $1 billion to be deposited into the newly created State-Local Partnership Program (SLPP) Account. The intent of the SLPP is to provide an incentive and reward for local entities that take action to generate local revenues dedicated to transportation purposes and that deliver projects that are cost effective. In December 2006, the CTC released draft guidelines for the SLPP, highlighting program eligibility, application process, and selection criteria. The guidelines would allow the CTC to select projects based on a competitive process. The sentiment among the Self-Help Coalition members is that the draft guidelines present a program that is an extension of the CMIA Program. The Self-Help Coalition also objects to the portion of the guidelines that empower the CTC with the sole discretion of selecting projects for SLPP funding. The CTC originally wanted to original adopt the draft guidelines in February 2007, but realized that consensus cannot be reached, the schedule was unduly ambitious, and the Legislature wanted a role in determining the final guidelines. The CTC has decided to postpone adoption, allowing Caltrans to work with Self-Help Coalition members and interested parties on the guidelines. **This is an information item.**

Background

The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, approved by the voters as Proposition 1B on November 7, 2006, includes $1 billion to be deposited into the newly created State-Local Partnership Program (SLPP) Account. The funds will be available to the California Transportation Commission (CTC), upon appropriation by the Legislature and subject to such conditions and criteria as the Legislature may provide by statute, for allocation over a five-year period to eligible transportation projects nominated by an applicant transportation agency. A dollar for dollar match of local funds is required for an applicant transportation agency to receive state funds under this program.

The intent of the SLPP is to provide an incentive and reward for local entities that take action to generate local revenues dedicated to transportation purposes and that deliver projects that are cost effective. The CTC intends to allocate no more than $50 per capita or $25 million, whichever is greater, to a single county over the five-year life of the program. For Marin County, the maximum amount would be $25 million.

Discussion

In December 2006, the CTC released draft guidelines for the SLPP, highlighting program eligibility, application process, and selection criteria. The guidelines would allow the CTC to select projects based on a competitive process. While the guidelines have not been adopted by the CTC, they illuminate how CTC staff views the funds should be distributed. The sentiment among the Self-Help Coalition members is that the draft guidelines present a program that is an extension of the Congestion Management Improvement Account (CMIA) Program, primarily because the guidelines focus on state highway projects while creating impediments for funding local non-highway projects, as evidence by the guidelines' emphasis on improving regional mobility in highly congested areas and a 30-year requirement on extending the useful life of projects receiving funds. The Self-Help Coalition also objects to the portion of the guidelines that empower the CTC with the sole discretion of selecting projects for SLPP funding.

Under the draft guidelines, projects such as street resurfacing and pedestrian improvement would not fare well based on the existing criteria. The guidelines created issues of contention among the Bay Area Congestion Management Agencies (CMAs) between the larger counties and the smaller counties and their Southern California counterparts on what local funds can be used to match SLPP funds, what projects are eligible, and how long must SLPP funded projects extend the useful life of the original projects. Despite differences on the guidelines, the Self-Help Coalition members believe that SLPP funds should be reserved for transportation agencies with dedicated transportation sales tax and support policies to prevent SLPP funds from being matched with ancillary funds such as developer's fees and property taxes.

The CTC originally wanted to original adopt the draft guidelines in February 2007, but realized that consensus cannot be reached, the schedule was unduly ambitious, and the Legislature wanted a role in determining the final guidelines. The CTC has decided to postpone adoption, allowing Caltrans to work with Self-Help Coalition members and interested parties on the guidelines.

MTC's Proposal

Amid the ongoing guideline discussions, the Metropolitan Transportation Commission (MTC) proposes to abandon the guideline approach and adopt a formulaic approach. Under MTC's approach, each county would automatically receive a proportionate amount of SLPP funds based on local revenue contributed to transportation, which would include transportation sales tax, voter-approved tolls, and parcel/property taxes. MTC believes that this approach would yield more SLPP funds for the Bay Area than the competitive guideline approach, primarily because Los Angeles County and San Diego County have highly competitive ready-to-go projects and ample transportation sales tax revenue to match. MTC estimates that the Bay Area as a whole may receive approximately 30% more funds under its formulaic approach than the CTC's guideline approach.

It should be noted that the estimated revenue specifically for Marin County under MTC's approach is slightly less than $7 million, far less than the $25 million maximum available under the guideline approach. However, MTC argues that the $7 million would be guaranteed source of funding under its formulaic approach, while no funding would be guaranteed under the competitive guideline approach. MTC further adds that, under its approach, Regional Measure 2 toll funds would be able to potentially yield approximately $79 million in SLPP funds, which would be distributed to projects in the Bay Area. MTC suggested, but not guarantee, that some of these funds may be used in Marin County to offset the some of the difference between the two approaches, but no where close to approaching the $25 million maximum.

While MTC's assessment is not untrue, it is still debatable which approach is more advantageous to Marin County. Under MTC's approach, the guaranteed $7 million would be available to match any sales tax funded projects in Marin, including highway and local and street projects, provided that the projects meet the SLPP eligibility criteria. It should be noted that disbursing $7 million proportionally to the County and nine cities over a five-year period has only a nominal effect in maintaining streets and roads.

Highway 580 to 101 Connector

TAM staff believes that the Highway 580 to 101 Connector Project that was submitted for Corridor Mobility Improvement Account (CMIA) funds may be a strong candidate for SLPP funds under the guideline approach, due to the fact that TAM invested $25 million in Measure A Sales Tax in the adjacent Highway 101 Gap Closure Project. If the Highway 580 to 101 Connector Project does not get funded out of the CMIA Program, it could get strong consideration for SLPP funds, which could fully fund the project. To fully utilize the $25 million in Measure A Sales Tax, TAM could seek a full $25 million match in SLPP funds for the Connector Project and a portion of improvements necessary for the Greenbrae Corridor.

Attachment

MTC Draft Proposal for State Local Partnership Program

January 4, 2007

State Local Partnership Program Distribution Scenarios

	Statewide Revenue Generated	Bay Area % Share	Bay Area Amount	LA % Share	LA Amount
All Voter Approved Revenue (MTC Proposal)[1, 2, 3]	$ 3,248,784,612	30.96%	$309,570,860	37.70%	$377,015,715
All Voter Approved -- No Tolls	$ 2,989,892,793	24.98%	$249,787,293	40.97%	$409,661,127
Sales Taxes Only	$ 2,918,892,793	23.15%	$231,538,901	41.96%	$419,625,844
CTC Approach[4]	N/A	19.40%	$193,957,388	21.52%	$215,165,145
CTC Approach without Developer Fees Allowed	N/A	22.01%	$220,124,405	28.54%	$285,360,755
Population Only (no caps)[5]	N/A	19.24%	$192,435,199	30.01%	$300,138,695

Bay Area Detail of Allocation Scenarios

	Voter Approved Funds	Voter Approved - No Tolls	Sales Tax Only	CTC Approach	CTC Approach - No Dev. Fees	Population Only
Alameda	$ 30,973,760	$ 33,655,746	$ 34,474,399	$ 31,717,562	$ 42,065,119	$ 44,243,540
AC Transit Property Tax	$ 21,854,327	$ 23,746,671	$ -	$ -	$ -	$ -
BART Property Tax (Seismic)[3]	$ -	$ -	$ -	$ -	$ -	$ -
Contra Costa	$ 21,598,386	$ 23,468,568	$ 24,039,425	$ 25,000,000	$ 28,670,317	$ 30,155,063
Marin	$ 6,156,148	$ 6,689,203	$ 6,851,913	$ 25,000,000	$ 25,000,000	$ 7,421,493
San Francisco	$ 20,296,259	$ 22,053,692	$ 22,590,132	$ 25,000,000	$ 25,000,000	$ 23,396,915
San Mateo	$ 35,912,249	$ 39,021,855	$ 39,971,034	$ 25,000,000	$ 25,000,000	$ 21,212,249
Santa Clara	$ 87,858,183	$ 95,465,735	$ 97,787,872	$ 37,239,826	$ 49,388,969	$ 51,946,669
Sonoma	$ 5,232,726	$ 5,685,823	$ 5,824,126	$ 25,000,000	$ 25,000,000	$ 14,059,270
MTC (Tolls)	$ 79,688,822	$ -	$ -	$ -	$ -	$ -
Napa						
Solano						
Total	**$ 309,570,860**	**$ 249,787,293**	**$ 231,538,901**	**$ 193,957,388**	**$ 220,124,405**	**$ 192,435,199**

Notes:

1) Does not include developer fees as of yet (still unknown), but MTC supports inclusion of uniform developer fees in formula.

2) Allows toll revenue as local match

3) No funding indicated for BART for their seismic retrofit bond (funded by property tax) because annual revenue info. not yet available, but MTC proposal would include these funds as well.

4) Includes only counties that have a developer fee or sales tax. Assumes that each county receives at least $25 million (only possible if county has matching funds available) and that remainder is awarded on a $50 per capita basis per CTC proposal.

5) Distributes on the basis of each county's population share with no caps, but only to counties that have either a developer fee or voter-approved sales tax.